

**SCOTTSDALE TOURISM DEVELOPMENT COMMISSION
CITY OF SCOTTSDALE
SCOTTSDALE CENTER FOR THE ARTS, LARGE CONFERENCE ROOM
7380 EAST 2ND STREET
SCOTTSDALE, ARIZONA 85251
SEPTEMBER 18, 2012
REGULAR MEETING
APPROVED MINUTES**

PRESENT: Michael Hoffmann, Chairman
Kathleen Glenn, Vice Chairwoman
Ace Bailey, Commissioner
Tom Enders, Commissioner
David Scholefield, Commissioner
Mike Surguine, Commissioner

ABSENT: David Richard, Commissioner

STAFF: Steve Geiogamah
Rob Millar
David Smith
Lee Guillory
Holli Shannon
Kroy Ekblaw
Ben Moriarty

GUESTS: Rachel Sacco, SCVB
Rachel Pearson, SCVB
Janice Wright, Scottsdale Arabian Horse Show
Diego Florez, Polo Series
Felipe Ortura, Polo Series
Judi Combs, Thunderbird Emporium
Jinger Richardson, Scottsdale Fall for Art
Ren Hirose, W Hotel
Gina Morgan

1. Call to Order/Roll Call

Noting the presence of a quorum, Chairman Hoffmann called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:03 a.m.

2. Approval of Minutes

- August 21, 2012 Meeting

COMMISSIONER BAILEY MOVED TO APPROVE THE MINUTES OF THE AUGUST 21, 2012 MEETING. CHAIRWOMAN GLENN SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF SIX (6) TO ZERO (0).

3. Staff Liaison's Report

a. Staff Bed Tax Collection Report

Mr. Geiogamah reported that bed tax collections for the month of July were down 13% over last year. Year to date numbers were down 5%. Hotel/motel sales tax was up 1%, miscellaneous retail was up 6%, and restaurant tax increased 4%. The resort classification was down 10% for July, full service was up 2.3%, and limited service decreased by 1%. He noted that the All-Star Baseball Game held in Phoenix last July possibly accounted for the significant downturn this year. Commissioner Surguine agreed that the downturn was more of an anomaly than a trend. Vice Chairwoman Glenn said October is eagerly anticipated. Commissioner Bailey reported that lead times for proposals have been decreasing lately.

b. Bed Tax Proforma

Mr. Geiogamah reported no significant changes to the proforma this month. Ms. Guillory noted some small changes to the format. FY11/12 final numbers are not available yet, but there still should be a carryover of about \$2.9 million. The \$110,000 portion of the FY12/13 carryover used for the Hospitality Trolley Program is indicated. City Council approved that expenditure last month contingent upon private funding. Mr. Millar reported that private contributions are holding at \$53,000. Ms. Guillory explained that the uncommitted carryover balance of \$810,000 would fall into FY12/13.

Chairman Hoffmann inquired about the Super Bowl and Fiesta Bowl numbers. Mr. Geiogamah explained that the contract for the anticipated Fiesta Bowl payment is \$265,000. The Fiesta Event line item remains in place even though no event is being planned. The Baseball Festival may request another year of funding. The TDC has already recommended funding for the Super Bowl. The Schwab Championship Cup was recently approved by Council. A related \$50,000 expenditure will appear on the proforma next month.

c. Smith Travel Report

Mr. Geiogamah said occupancy for the month of July was 45.2%. Average daily rate was \$88.81, and RevPar was \$40.15. YTD occupancy was up 1%, ADR was up 2.8% and RevPar up 3.6%.

d. Program Updates

Mr. Geiogamah noted two commissioners second terms are expiring, Commissioner Surguine in November, and Commissioner Richard in January. City Council will accept nominations to replace them on October 16. Both seats will be appointed in November. The TDC's annual work-study session, generally held in the fall, will be pushed to the January/February time frame to coincide with the release of the strategic plan.

4. FY12/13 Event Support Funding Program TDC Recommendations

Mr. Geiogamah requested approval to award \$167,375 in matching event advertising funding to 14 events. A panel consisting of Commissioner Enders, along with representatives from city staff and the Scottsdale Convention and Visitors Bureau reviewed the funding applications. The panel recommended allocations and tiers as follows:

- A. Goodguys 15th Southwest Nationals - \$5,000, Tier 3
- B. Scottsdale Classic Futurity and Quarter Horse Show - \$5,000, Tier 3
- C. Arizona Bike Week - \$15,000, Tier 2
- D. Sun Circuit Quarter Horse Show - \$15,000, Tier 2
- E. Region 7 Arabian Championship Show - \$4,500, Tier 3
- F. Scottsdale Culinary Festival - \$15,000, Tier 2
- G. Barrett-Jackson Collector Car Auction - \$30,000, Tier 1
- H. Russo and Steele Scottsdale Auction - \$15,000, Tier 2
- I. Celebration of Fine Art - \$15,000, Tier 2
- J. Scottsdale Arabian Horse Show - \$30,000, Tier 1
- K. Arabian Breeder Finals - \$3,000, Tier 3
- L. Polo Series: Polo Season Finale - \$5,000, Tier 3
- M. Thunderbird Emporium - \$4,875, Tier 3
- N. Scottsdale Fall for Art - \$5,000, Tier 3

Mr. Geiogamah noted that the producers of four new events were invited to make presentations to the TDC and answer questions.

Janice Wright, of the Arabian Horse Association of Arizona, said the Arabian Breeder Finals Show has become one of the most exciting shows in the Arabian horse world. Public interest is international in scope. Last year the show took place in 100-degree temperatures, so the new climate controlled environment at WestWorld will be very much appreciated.

Diego Florez said the United States Polo Association is now sponsoring polo in a bigger way. The polo season runs from November to April. This year's Polo Season Finale event will be British themed.

Judi Combs said the Thunderbird Emporium of Scottsdale will feature high-end offerings, including finer clothing, textiles, and sophisticated accessories. It will have an ambiance like a European Christmas market, and is targeting a very upscale clientele. It will be situated on both banks of the Waterfront. A tree lighting ceremony on Friday evening will feature the Phoenix Boys Choir. The dates for the event are November 16 to 18 to precede Black Friday. The Scottsdale Chamber of Commerce feels that the Emporium could become a signature event for Scottsdale. Paid print ads total over \$5 million. Ads will appear in the Arizona Republic, American Style, AZ Weekly Magazine, Scottsdale Catalog Magazine, True West, and US Inflight Magazine. A portion of every ticket purchase will be donated to charity. Room nights will be difficult to calculate. Experience AZ Magazine listed the Thunderbird Emporium as one of the top five art destinations in the state.

Ginger Richardson, representing the galleries on Main Street and Marshall Way, said the Scottsdale Fall for Art Show will be held in October and combine several different art events over the course of consecutive days. The galleries kick off the show with the Thursday Night Art Walk. A Phoenix Art Museum VIP event will follow on Friday night. The Scottsdale Artists School is holding their annual fundraiser on Saturday night. On Saturday, artists will paint live on Main Street for two hours in the morning, and the art they produce will be auctioned in the afternoon. All galleries are planning major shows during the weekend. Some will be running as many as eight national ads tied to the event. About 45,000 invitations will be sent out. The requested funding will be used to buy advertising. The Heard Museum and SMOCA have expressed interest in participating next year, and music will be added.

Chairman Hoffmann reminded the event producers that unless they can document room night revenue, they cannot qualify for this particular program, though other funding sources might be available.

COMMISSIONER SCHOLEFIELD MOVED TO APPROVE THE EVENT SUPPORT FUNDING PROGRAM RECOMMENDATIONS FOR \$167,375 AS DETAILED. COMMISSIONER SURGUINE SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF SIX (6) TO ZERO (0).

5. Desert Discovery Center RFQ Update

Kroy Ekblaw provided an update on the Desert Discovery Center. In April, City Council approved the DDC Phase III Feasibility Committee's recommendations. The Committee was very supportive of the concept and vision for the DDC as a premiere education and tourism facility, but noted that ultimate success would depend on finding a highly qualified operator. They also recognized some timing issues with securing funding.

One of their key recommendations was to begin the process of finding an operator. Towards that end, an evaluation panel began a two-step process starting with a request for qualifications (RFQ). If the RFQ generates little interest by the end of November, the process can be adjusted as necessary. If it generates multiple responses, the goal is to narrow them down to the best three for the second stage, an RFP process. The DDC is unique in that the operator is expected to be able to raise about \$25 million in capital funds if the voters approve a \$50 million bond proposal. The review team will include individuals with outside expertise.

Vice Chairwoman Glenn inquired whether staff tested the viability of the funding concept. Mr. Ekblaw explained the Phase II and the Phase III Committees both met with the leadership of comparable facilities. There was a lot of discussion about whether the public or private dollars should come first. A number of participants had expertise in non-profit fundraising. The Bond Task Force will consider whether to make a recommendation to City Council on a possible bond for 2013.

Commissioner Surguine said very few projects in Scottsdale have been scrutinized as closely as the DDC has. The Phase II study alone was very substantial. Mr. Ekblaw said the expectation is that the successful bidder ultimately will become the operator of the DDC, if it is built.

Chairman Hoffmann noted that the proforma reserves \$600,000 for the DDC, but no expiration date was listed. He expressed concern that without a date, the reserve would simply disappear. Mr. Millar noted that TDC recommended reserving a 10% allocation for the Museum of the West through December 31. Ms. Guillory recalled that the TDC made a multi-year commitment tied to when the debt was actually issued, which is why no date was associated with the line item. She would confirm whether that is indeed the case.

6. Proposed Event Sponsorship Guidelines

Mr. Geiogamah said staff has prepared a set of guidelines for events that request event support. This is different from the event support funding program in that the requests are proposal based. The guidelines will explain what the requirements are so that event producers can build that information into their proposals. They will also outline the City's requirements regarding funding, marketing, and room night generation.

Commissioner Scholefield said the guidelines are a great start, however the Commission needs a far more detailed tracking mechanism to evaluate how well specific events generate tax revenue. Funding for new events should sunset once they have had a chance to establish themselves. Mr. Geiogamah responded that information from the five-year strategic plan study would be incorporated into the guidelines once it is available in December.

Chairman Hoffmann questioned the process of waiting until the end of the year to evaluate events rather than receiving updates as they occur. Mr. Geiogamah said the contract stipulates that post-event reports are due within 120 days, so it is possible to report on a continual basis. Chairman Hoffmann said the Smith Travel Report reveals whether events had any impact on room nights or not.

Commissioner Surguine said a lot of progress has been made in event funding procedures over the past few years, but more could be done. Currently, the same criteria apply to all events regardless of whether they are asking for \$3,000 or \$30,000. The process should be simplified for smaller requests. The Commission spends more time deliberating over the \$170,000 event allocations than any other issue, even though it is a small part of the whole budget.

Vice Chairwoman Glenn said surveys should be used to determine where event attendees originate from. Event marketing dollars should really be spent outside Maricopa County if they are to have the desired impact. She agreed that lower tiers should enjoy a simpler process, and that the TDC should receive reports throughout the year rather than all at once. Commissioner Enders concurred and suggested solidifying the requirements within each tier.

Mr. Geiogamah explained that generally, Tier 1 events have to demonstrate a major economic/room night impact; whereas the focus for Tier 3 events is on how well they market the destination. The event funding process has been streamlined in recent years, but it still requires considerable time, as use for public dollars require proper

vetting. This year, surveys will be conducted at all 14 sponsored events to get a better understanding of the events return on investment.

7. Identification of Future Agenda Items

Chairman Hoffmann requested that the TDC receive an update on the Tony Nelssen Equestrian Center next month. Vice Chairwoman Glenn requested that the TDC have an opportunity to review the proposed survey questions.

8. Public Comment

There were no public comments.

9. Adjournment

The meeting adjourned at 9:10 a.m.

Respectfully submitted,
A/V Tronics, Inc. DBA AVTranz.